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## **The First Instance European Patent Court - A Tribunal Without Judges and Attorneys?**

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### **I. Introduction**

A surprising discussion has taken place in Europe over the last 12 months on a question that will decisively determine the future of the European patent system, since it concerns the structure of the European infringement courts, the jurisdiction and local presence of the courts, their qualification, and thus the effective enforcement of European and Community patents. Patents without competent judges and effective enforcement would become unattractive and the not yet existing Community patent would become a failure before the first patent has even been granted.

The discussion must be regarded as surprising since it occurred to a great extent behind "closed doors" between representatives of patent offices and government officials within the *Working Party on Litigation* (WPL) on the future European system. The interested public has only been informed about the far-reaching goals and ideas of the WPL on the initiative of individual participants, in Germany through an article by Schade. <sup>1</sup>

The WPL had been mandated by the Intergovernmental Conference of the member states of the European Patent Organization, June 24 - 25, 1999, in Paris, to propose a "*Structure of an optional protocol on the settlement of litigation concerning European Patents*" (EPLP). <sup>2</sup> The only two organizations which had been invited as observers were those which have observer status at the EPO, *epi* <sup>3</sup> and UNICE. <sup>4</sup> The other international organizations that are normally invited in case of such basic and revolutionary changes in the field of industrial property, like the AIPPI, FICPI, ICC, etc., which represent all users, were left out of the discussion. <sup>5</sup> A small group of judges had been involved at some point, but not as permanent advisors. Is it the plan that the European court system shall function without judges and attorneys?

Specialized attorneys who should be most familiar with patent litigation were invited during the last two months by representatives of some of the leading European companies to informal meetings in order to find a common basis for the discussion. <sup>6</sup> Representatives of a number of the leading law firms specializing in patent law from different countries <sup>7</sup> also met amongst themselves for the same purpose. And also the EU Commission received a delegation of lawyers of several countries to discuss the related questions in the context of the Community patent. <sup>8</sup>

This article tries to summarize some of the main discussion points also with the hope that the practical problems will be discussed among all of the relevant circles in the future. The present aims of the WPL, as they are laid down with respect to the proposed first instance court in the WPL Paper that has remained generally unchanged after the Luxembourg Conference, are unrealistic as to their basic assumptions and a danger for the European patent system, or too vague, so that they leave room for an interpretation that is not acceptable.

## **II. Discussion Points**

### **1. Single Court**

The most serious objection must be raised against the idea of a *single or "common" European court of first instance*. Although the Structure Paper creates the impression that the mandate of the European Governments had already included the project of a single court, this is clearly incorrect. The Intergovernmental Conference aimed at an *"integrated judicial system, including uniform rules of procedure and a common court of appeal,"* and this was the mandate the WPL had been given. There is not one word about a "common court of first instance" with which the WPL Paper deals throughout. To state the opinion of this author right at the beginning: The proposal of the Structure Paper in its present form is unacceptable, and it can only be noted with relief that the German delegation, headed by the Ministry of Justice, will not accept it. This was only very recently publicly stated by Ms. Däubler-Gmelin, the German Minister of Justice, in Munich on May 26, 2000, <sup>9</sup> and is also in conformity with the opinion of the working group of the German Ministry of Justice, which consists of judges, representatives of industry and government officials. <sup>10</sup>

One of the main objections is that the Paper is extremely brief on the question of where one would find qualified judges for the common court. The only sentence to this point is that "the number of judges needed will depend on the number of cases the court has to try each year" and "at least one highly legally qualified patent judge from every EPLP state should be appointed for each instance." <sup>11</sup>

Instead, the Paper speaks of a second system of European patent litigation for the Community Patents which "can exist in parallel." <sup>12</sup> The Paper then rejects the idea "of national courts acting as courts of first instance" and therefore assumes that the national courts will continue to exist, so that judges for three different litigation systems must be found.

### **2. Position of Industry**

European industry, and here in particular the multinational companies, for good reason are not happy with the present situation of a multitude of national courts that have jurisdiction in patent infringement matters today

and that are in the majority not specialized in patent law. What industry wishes is experienced judges and thereby reasonable predictability, speed and procedural economy. Also desired is the avoidance of the possibility and necessity of multiple litigation. Ideally, as some representatives from leading European companies have expressed it, industry would wish the German court system and its features applied to a European level, if possible with some generally accepted improvements. It is also true, as Schade <sup>13</sup> points out, that at first sight the idea of a single court might solve a number of the above problems, but it certainly would also create more than one would need.

### **3. Present Discussion on the "Common" or "Single" Court**

It appears that the present discussion is, on the one hand, one about general concepts, but it is at the same time an intricate problem with respect to concrete details, which so far neither the WPL nor the unofficial working group meetings have discussed to a sufficient extent. And this may also explain the confusion that presently exists with respect as to how the goals of a predictable and economic system of European patent litigation, on which everybody agrees, can be achieved, *i.e.*, how the future European Patent Judiciary (EPJ) should look and where compromises can still be achieved among the different interest groups.

This concerns in particular the question, what is to be understood by a "common European Court." Such a common court had in the past been discussed with respect to the Common Patent Appeal Court (COPAC) under the Community Patent Convention, which was to become indeed a single court. The fact that a "common European Patent Court of first *and* second instance" are discussed together in the WPL Paper, <sup>14</sup> and one assumes that the second instance will indeed be one single court in one city, is creating confusion with respect to the real goal of the Paper.

At the beginning of the discussion within the WPL, the extreme view of some delegations was indeed the concept of a single court residing in one city, as a result of which a battle had already started behind the scenes where this court would have its seat. Using the same description for the first instance court as the one proposed by the Government Conference for the second instance is indeed confusing, if in reality an entirely different structure is being contemplated by other participants. In the most recent UNICE Paper of June 5, 2000, it is stated, for example, that UNICE supports "an integrated juridical system" under uniform substantive and procedural law, which is something different than a single court.

Former versions of the WPL Paper have interpreted the wish of industry as favoring such a single European Patent Court, and one can still find proposals in the WPL Paper which show that this concept has not yet been entirely abandoned.

It is not clear, for example, whether the wish for "local presence of a common first instance European Patent Court" as a key element contained in the UNICE Paper, <sup>15</sup> which one can also now find in the EPLP, means that the former proposal of a "pool of judges" and a "peripatetic" Court has been abandoned, and which form of integration of the local national court as part of the European integrated system it contemplates. On the one hand, the Paper recognizes the need of the litigating parties, especially small and medium-sized enterprises, to conduct their litigation "at home;" on the other, the Paper concludes that local presence could also consist in renting its court room from the national authorities. <sup>16</sup>

The idea of a distant central court with some judges being available from time to time to form ad hoc chambers in different cities of the Community must in this author's opinion be clearly rejected, but can still be found as a possibility in the Paper. <sup>17</sup> It is also being criticized by a paper prepared by the Swedish delegation with the WPL. And if the parties have the right to litigate European patents also "at home," how could they do this properly, if the languages which the EPJ would allow are the three working languages of the EPO only? <sup>18</sup> It is obvious that either different stages of discussion of the WPL are still contained in the Paper, which would then need a further revision, or one wants to leave all options open - also the most contradictory ones -, which is of course not acceptable for a proposal that is expecting ratification by the member states.

The UNICE Paper also seems to contain some uncertainties to this effect. On the one hand, it rejects a system based on national patent courts of first instance. <sup>19</sup> It may be assumed that one wanted to reject what we have today, since it is later explained that the present system of national courts of first instance with the national disparities in substantive and procedural law is insufficient for obtaining the requested uniformity. UNICE pleads instead for a "new integrated judicial system," which is later defined in more detail.

The central feature, which is then further discussed by UNICE, is "a certain extent of local presence," a key requirement brought up in the discussion between industry and patent litigators in the "Sorrento Group." It is emphasized that the EPJ should have exclusive jurisdiction, with the possibility of the member states also to grant the EPJ jurisdiction for national patents, a necessary feature which is apparently rejected in the WPL Paper. <sup>20</sup>

In its paragraph on local presence <sup>21</sup> it is underlined by UNICE that "only a system of regional chambers providing a permanent organizational local basis can meet the objective" to safeguard the reliability and efficiency of the EPJ. So, in the end, UNICE *wants* the integration of national courts, and it may need further discussion as to what this means in practice. In spite of UNICE's expressed wish to have more indications in the EPLP as to how this local presence could function, the WPL Paper speaks about renting rooms

from time to time from the local court instead of spelling out that the local court *is itself* part of the EPJ and simply forms its local chamber.

The idea of the WPL so far is that the judges should be appointed to the common court but should not be permanently and exclusively working with cases of one regional chamber. The judges should work as reporting judges for their own chambers, but should also sit as judges on panels of other regional chambers. UNICE is also in favor of organizational links between regional chambers and the appointed national patent courts. All these proposals go in the direction that the continuation of the present national system should be avoided; this is acceptable. But some of the proposed features may not work, if one wants to attain another goal, namely quality and predictability of jurisprudence; this will be discussed later.

#### **4. Number of Cases - Where Are the Judges?**

The wish to establish one single European court of first instance for all European patent cases is an illusion, if one does not integrate the local competence of existing courts with sufficient patent experience, since this would mean that the EPJ will become a failure. The description of the future court in the Paper as one that could construe patent law in "a reliable, affordable and efficient proceedings resulting in quick, high quality decisions which carry authority and command use or confidence" is a goal that can and should indeed be achieved, but cannot be achieved with a single court of first instance.

One single court will never be in a position to cope with the number of patent infringement cases that one must expect. Germany alone has today approximately 600 patent cases in the first instance each year. The experienced German courts are able to decide a case in the first instance, depending on whether it requires an expert opinion or not, within six to 18 months.

Whether there will be 400, 600 or 800 cases for a European court or the European courts is difficult to predict. In fact, estimates by the representative of *epi* during the first WLP meeting in Lucerne spoke of 1,000 European cases a year, for which one would need 50 judges. <sup>22</sup>

In the discussion between industry and specialized patent litigators, <sup>23</sup> participants agreed that even if one closed all European national courts of first instance one would not find enough judges who could be recruited for the single court, let alone for several parallel systems. And this is the weakest point of the WPL Paper and the discussion of the whole project: the authors do not seem to care whether judges would be available in sufficient numbers and of sufficient qualification for the single European court. Even

the lowest of possible litigation figures could never be handled by a single court with borrowed or part-time judges. It may be true that over a longer period of time, if more centralized litigation develops, fewer judges will be needed, but this is not the situation today.

It is not clear what the WPL Paper means when it says that the effects of the systems of the Community patent, the EPC patent and the national patent, with their different effects, may be combined. When in this context reference is made to the opinion of the European Parliament, according to which "both systems should co-exist," it is overlooked that the European Parliament had decided that the first instance courts will be the national patent courts and not a single European court. Only recently the EU Commission seems to have taken a different view. But also the Commission would not be able to tell where it will find the judges for its competing (?) court system. One can only call it naive if the Paper, in its fifth and last argument, comes to the conclusion that an important reason which speaks *against(?)* national courts acting in first instance is that *the urgent problem of lack of experienced patent judges in many EPC states cannot be solved that way.*

If the problem to find appropriate judges cannot be solved by using existing experienced courts and judges, where would the authors of the WPL Paper then find the judges for their imaginary or possibly virtual court?

The proposal to include also members of the EPO Boards of Appeal <sup>24</sup> cannot seriously be considered as a solution, since they are not available on a full-time basis; most of them are not lawyers, nor do they have any infringement litigation experience. Whether technical judges should act in the first instance at all is another question. The German infringement procedure functions well without technical judges. And to use them only because experienced infringement judges are not available is not acceptable. The future European patent court system is much too serious to treat it as one of the modern start-up companies for which, being founded mostly with risk money of third parties, the question of whether they succeed is not an issue. It is entirely incomprehensible that the Paper mentions the lack of judges, but proposes a solution that apparently would prevent the real integration of the experienced, national courts, and thereby even increase this problem.

A carefully considered decision is needed whether a technical judge should sit in an infringement chamber. The nullity chambers of the Federal Patent Court consist of technical and legal judges. An infringement court, if the judges are unable to decide technical questions, will appoint an expert in order to obtain the necessary information. And the same is true for the Federal Supreme Court in nullity proceedings, where an expert opinion is practically always ordered. The expert will write an opinion and face the criticism of the technically trained patent attorney or of a private expert if the opinion is incorrect.

A technical judge who is a member of the court will discuss technical issues with his colleagues in closed chambers. At this stage his words and views will no longer be subject to attack by the parties and their experts and attorneys. Therefore the finding of technical facts may be better achieved by working with court experts from the best and most up-to-date institutions than with a very limited number of technical judges. It is undisputed that decisions of the Federal Supreme Court in nullity cases are well balanced under the system.

Some additional problems should not be overlooked. It is highly questionable whether:

1. being a member of a pool of judges or of a rotating court would be attractive for experienced judges of the member states
2. the loss of competence of existing courts would be acceptable for those countries with a functioning patent litigation system, and whether it would be acceptable for industry
3. the desired predictability of court decisions, which normally requires long-term experience and a professional career in the same court, could be transferred to a new court
4. the loss of contact with the litigating attorneys would not seriously hamper the quality of such an artificially created court of first instance. A supranational court that does not have its own structure and seat with concrete persons sitting in concrete chambers could not replace the existing courts
5. the experience with existing European instances (*e.g.*, EPO) as to the speed of decision-making (which has not been a promising example) is thus acceptable for the enforcement of patents.

## **5. Forum Shopping**

The result of a single European Court, if it had exclusivity with respect to jurisdiction over European patents, would of course be that no forum shopping is possible, and therefore no parallel litigation on the basis of the same patent and between the same parties could occur.

It is not clear from the WPL Paper how the jurisdiction of the regional chambers would be defined, since if there are several regional chambers, there is also the possibility of forum shopping on the basis of *forum delicti commissi*. If the EPJ must be understood as a system where one can only file an action in one place, which is independent of the seat of the defendant or the place of infringement, this is certainly not a solution for small and medium-size companies. But then regional chambers do not make sense.

The Paper therefore is contradictory here, since it also speaks of the necessity to litigate "at home."<sup>25</sup> And if the WPL intends to abolish parallel litigation, it is also surprising that it would allow an option to choose the national system.<sup>26</sup> The solution from this contradiction would be to give the plaintiff the choice among the different regional chambers within the same integrated European patent system, so that indeed the plaintiff could and must choose between the respective local chambers, but would always remain within the same court - thus uniformity and a relative exclusivity would be achieved.

If one wishes to allow litigation "at home," a central distant court would be excluded by definition. Should this be the case, why should it be undesirable that a plaintiff can choose between two or even more regional chambers, the defendant's seat and the place of infringement? If parallel litigation is excluded, as it should be, forum shopping is not a threat but the result of natural procedural justice, and it is in fact only an evil when it can be or is misused, but it is not a harm which must be abolished at any cost.

The reverse would be unfair, namely to imagine a situation where a small or medium-size enterprise is "drawn" to a distant single European court of first instance, in a country where it does not have an establishment or any commercial activities, and therefore did not commit an infringement. If, in addition, as it is suggested by the Paper, this small enterprise will be forced to defend itself in a language other than its local language, because only the three working languages of the EPO are allowed,<sup>27</sup> it shows that this proposal goes far beyond what is necessary to protect the interests of patentees. The creation of a single, artificial forum which, if at all, only serves the interests of one party, is unjust and not even practiced in a more uniform system like the US.

The question of forum shopping is - in my opinion wrongly - put into the context of parallel litigation, which is only the result of the present national systems. Under common procedural rules and a sensible amendment of international conventions, like the Brussels Convention, which would exclude torpedo litigation, parallel actions can be avoided and local competence utilized to the advantage of all users.

It is another question whether, aside from the choice of the local chamber, a choice should be possible between different systems, namely the national courts and the EPJ. An attractive EPJ would certainly be preferred by plaintiffs, but in order to become attractive, many questions have to be resolved and many improvements in the present scheme made before it will achieve this goal.

## **6. Harmonized Case Law Only by Way of a Single Court?**

Also the main argument in favor of the single court as it is put forward in the Paper, namely that the single court would achieve a harmonized or even

uniform case law whereas the national courts "would retain the outlook derived from national legal traditions, with the effect that true consistency would be difficult to achieve," cannot be accepted as a serious argument.

If at all, judges would also retain the "national outlook" for quite some time in a single European court. The Paper seems to overlook that the court will have between 10 and 15 chambers. Would there really be a significant difference if they sit in "national" regional patent courts/chambers or in a single court? A look at the European Patent Office and the Community Trademark Office shows that the examiners and members of the Boards of Appeal do not forget where they obtained their legal education and learned the practice of their profession. This of course leaves an imprint or "national outlook" on their approach to the decision-making process, and it takes quite some time and effort to develop a truly "European" approach.

Experience on a national level gives the same picture. In spite of general satisfaction with German patent courts, it cannot be said that, for example, the court in Düsseldorf is "in harmony" with one or even both of the Munich patent chambers, or that even the two Munich patent chambers are always in harmony among themselves, be it with respect to procedural rules on how they deal with preliminary injunctions or with respect to the interpretation of patent claims. This author has experienced contradictory decisions in identical cases, which were not always entirely wrong, but where the one or the other chamber had taken a different approach and a different interpretation of features of the patent claim. Total uniformity can only be expected within one and the same chamber of a court, which means that in practice diverging opinions can never be avoided.

In reality, the necessary degree of uniformity can only be achieved by experienced judges, a clear set of procedural rules and uniformity of judicial practice. I would even go further here than the proposal in the WPL Paper, since it is not sufficient that only the "basic regulations of procedural law" must be laid down. In the discussions between industry and attorneys, it was the general view that even very succinct rules must be established in order to achieve predictability and quality of jurisprudence. In fact, the many minute details of how patent cases will have to be handled must be decided beforehand in order to assure that the future European patent system will attain its goal and become a success. This will be explained hereafter.

### **III. Proposal**

The basic proposal, which will be presented here, tries to clarify conceptual and linguistic misunderstandings that are partly due to the mentioned lack of detailed discussion among the different interested circles. The views expressed are those of the author and have the aim of determining whether and where a common opinion, and finally a common proposal, can be achieved. After this article had been written the author became aware of the already mentioned paper of the Swedish delegation with the WPL, which

contains a great number of points of the following proposal and the most important points of criticism which have been raised before. <sup>28</sup>

This author also agrees with the UNICE Paper that it is certainly not enough if the procedural rules of different courts are "harmonized" in the sense that the judges observe how cases are decided on the other side of the border. But in order to achieve a uniform application of the law it is certainly not necessary to establish a single court, in particular, if it is not at all clear from where the judges for this court will come. More important therefore is that the entire system has a uniform legal structure which has the chance to assure European-wide acceptance because of its working methods and legal quality. Some of the following proposals can also be found in the WPL Paper, but they will be discussed here within the proposed integrated system based on national courts, not as features of a single court.

As already stated before, the goal of uniformity of case law, quality and thereby predictability of decisions can only be achieved by a European court system of first instance if national infringement courts are integrated and become part of the European system, so that their local competence can be maintained. This court system should have the following features.

- a. The first condition for the proposed European system is a *centralization* of patent litigation for European patents in each country. Only by such a concentration of jurisdiction can the specialization of judges be achieved. In each country, only one court should be chosen which will deal with infringement cases for European patents in this country, with the exception of countries with a high case load like Germany and perhaps France. In Germany, one might need three to five courts, which would not pose a problem as to the required quality. In the respective centralized patent court in each country one would find the best and most experienced patent judges.
- b. One could then establish what the WPL Paper calls a European Patent Judiciary (EPJ) which would be, by its structure and organization, *supranational* with a central administrative seat, for example, in Luxembourg, but with the central national courts being awarded the status of European patent courts or regional chambers, in order to emphasize the integration into the EPJ.

National judges sitting in the regional chambers are necessary for language purposes. The idea of a limitation of languages in the first instance, as the WPL Paper suggests, is unacceptable. It may well be that larger corporations would also be able to prepare an infringement case to a certain extent in another language than the one where they have their seat. Also, a few attorneys might be able to plead in all the three languages of the EPO, but only a very small number of judges could understand and decide a case in a language which is not their native language.

The WPL Paper considers a "common pool out of which the judges of the European Patent Court of both first and second instance are chosen." This is clearly the wrong approach, since without the establishment of chambers where the judges sit together for a long period of time, no predictability of decisions can be achieved. Only to borrow local judges from time to time, and case by case, for administrative or even further procedural involvement cannot replace the presence of an existing full chamber of a national court with years of patent litigation experience and permanent common hearings in which they develop their approach for patent litigation.

This does not exclude that mixed chambers of different nationalities and languages will gradually develop. But in the discussion among attorneys, the main concerns were, on the one hand, the distance of the court from the parties and, on the other, the lacking possibility to approach the chambers during litigation if they only meet ad hoc and are permanently shuffled around from one chamber to the other. A European institution that is not closely linked with the existing national courts would become a failure with respect to speed, efficiency and time of procedures. If then there is no alternative to go to national courts, such a failure would become a disaster.

29

c. The central national court or local chamber of the EPJ would at the same time have *jurisdiction* for patent litigation in the country *over national patents* and utility models, and exclusive jurisdiction for *European patents*, so that the same judges in the same chambers would decide national and European cases <sup>30</sup> against defendants with residence in this country and/or for infringements committed there. Exclusivity of jurisdiction of the EPJ as a whole does not exclude that different local or regional chambers could be seized.

Thus the plaintiff can indeed choose to start litigation in the "regional chamber The Hague" instead of the "regional chamber Paris," and in fact he would be forced to choose one or the other, if the defendant only has a seat in one of the countries and has not committed an infringement in the other. If however the defendant has infringed in three different member countries, the plaintiff should indeed have the choice among three regional chambers of the EPJ. Once he has made his decision and filed his action, he cannot file a second action in one of the other regional chambers, nor can the defendant by way of declaratory judgment action. If the defendant has filed its declaratory judgment at a regional chamber prior to the infringement action of the patentee, the patentee could, based on the place of infringement or the seat of the defendant, file the action at another chamber and could request at the same time that the declaratory judgment action be transferred to his chamber of choice.

As a result, one could approve the proposal of the Paper that the jurisdiction of the centralized national courts within the European system should be

exclusive, as far as European patents are concerned. But this presupposes that three conditions are fulfilled.

aa) The jurisdiction *ad personam* is limited to the court (regional chamber) of the country where the defendant has its seat, residence or establishment; it is not exclusive among the different chambers in case of infringements in different territories.

bb) The exclusivity of the respective regional chambers among themselves concerns actions for an injunction and cannot be blocked by declaratory judgment actions under the rule of *litis pendens*. The first chamber seized with an injunction action will maintain its jurisdiction.

cc) The central national court in the respective country that acts as a regional chamber must also have jurisdiction for national patents as well as utility models of that country.

d. As European patent courts within a European system, the courts or chambers would have to apply uniform procedural rules when acting as European judges. This means that *EPO* and *Community patents* as well as national patents and utility models would be litigated *before the same courts*, but possibly under different rules of procedure.

A different solution, namely that separate infringement actions have to be filed for European and national patents, is not acceptable. In many cases patentees who mostly have to wait for years and years until their European patent is finally granted, after a lengthy examination and eventually even longer opposition procedure, branch off a utility model or start litigation on the basis of an already granted national patent. It would be counterproductive for the goal of improving enforcement of European patents and the position of the patentee if after a struggle for the patent over many years the patentee has to go to another court, because the national court, where an action is already pending based on the national industrial property rights, would not have jurisdiction.

Even if there might still be interest in litigating national patents and utility models separately under a national court system, those patentees who own both European and national patents should not be forced to litigate them in separate proceedings. It would indeed be absurd if one achieves a common jurisdiction for invalidity and infringement, but would separate identical infringement issues and thereby open the doors for contradictory decisions even for the same territory.

Also, a separate court system for *EPO* patents, on the one hand, and *Community patents*, on the other - perhaps even in parallel to the national courts -, cannot seriously be contemplated <sup>31</sup> because there are not enough judges for two or even three systems. One must of course foresee a combination in view of the different members of the *EPC* and the

Community. But this can easily be achieved with the central - for example, Swiss - court as the first instance and a common second instance which would hear appeals of both EPO and Community patents. The assumption that the EPLP would not "hamper" a Community patent litigation system is only realistic if the same courts and the same judges will be integrated into such a system. The idea of a separate or parallel system does not take into account that there are no more judges available than those which one finds today in the national courts. That the EPLP and the Community court system would be competitors in their quest for the best available judges should be avoided, independently of the other reasons which speak against a divided system.

e. *Validity and infringement* must be litigated *in the same proceeding*.<sup>32</sup> Germany should also give up its present division of nullity and infringement procedure in the long run with respect to national patents. It is true that some circles in Germany still try to defend the existing system. However, this system only works in Germany because infringement and nullity actions both finally reach the Supreme Court and because the specialized chamber of the Supreme Court consists of the most experienced and qualified patent judges in Germany.

But the German practice has severe drawbacks, in particular, for the patentee. If his patent is invalidated before the Federal Patent Court, the infringement court will normally stay proceedings. This is especially critical for European patents, since it is well known that the Federal Patent Court is not often satisfied with the level of inventive step that the European Patent Office applies. The Federal Supreme Court often sees this differently and certainly does not discriminate between German and European patents. This means, however, that the patentee has to wait for the outcome of the second instance in the nullity proceeding until the infringement case can finally be decided. There are other advantages of a combined action that concern claim interpretation that cannot be discussed here.

f. If it is decided that decisions revoking the European patent should have *effect erga omnes*, then there is no reason why this should only be the case for the proposed single court and not for the regional chambers which would consist of the best judges of the respective country.<sup>33</sup>

Since the final word on validity would anyway lie with the single European Appeal Court, there is no risk of a diversity of the level of patentability to be applied to European patents. It can be expected that the central European Appeal Court will develop a uniform case law that will also be adopted in the long run by the regional chambers and even by the national appeal courts. This requires that the European Appeal Court gain authority through the quality of its judges. However, this can be achieved much more easily, since fewer judges will be needed for that court in comparison to the first instance courts.

g. *Minimum education standards for judges*, also with respect to languages, must be defined, which will avoid that patent judges would be exchanged every three years.

h. *Salaries of judges* should be made *attractive*, which is affordable for the respective country if court fees are harmonized at the same time for European patent litigation.

Court fees could be based on litigation values, so that in view of the mostly high litigation values the patent courts will be self supporting. This again will be a factor which would make it attractive for judges to join and remain members of the EPJ. If it becomes a goal in a professional career to become a patent judge, the courts will not lack qualified candidates.

i. The *judges* could be *chosen* by a judges' council or even *approved* by the European Court of Justice. The risk that an unqualified judge could be refused would be an incentive for each country to provide the best candidates.

j. *Visiting judges* with sufficient language qualification could regularly participate in hearings and deliberations of other countries' courts, an idea which has also been put forward in the Paper.<sup>34</sup> Whether they can also take part in the vote need still be examined, but would certainly be a natural development in the future. Additional measures for the training of judges must of course be introduced in order to achieve a uniform level of qualification in the long run. These European judges will certainly be able to learn from each other and attain uniform formation and qualification. Under the control of the single Court of Appeals they will be able, after a while, to apply uniform standards of validity and infringement with the same predictability as several chambers in a single court.

k. There will also be an urgent need for the *harmonization of procedural rules* with respect to jurisdiction.

aa) The possibility of "*torpedo litigation*" must be abolished as already discussed in the context of jurisdiction, although this will no longer be a serious threat if a central specialized court exists in each country, even if one offers an option to use either the European system or the existing national systems.<sup>35</sup> One must therefore introduce the above rule that an injunction case always has precedence as to jurisdiction over a declaratory judgment case.

bb) The central national courts need *identical standards* for evidence, interpretation, and inventive step, which can only be attained by a common statute.<sup>36</sup> If patent practitioners in Europe are asked what they wish as basic rules for a European patent procedure a great majority will answer:

1. maintain basically the German practice

2. combine invalidity and infringement proceedings

3. add a *saisie contrefaçon* of the French type.

But, in addition to detailed procedural and substantive law statutes, succinct guidelines should be prepared, which would help the courts to attain a uniform standard and application of the law. This necessity would not be different, contrary to the WPL Paper, whether national courts as regional chambers are involved or whether there is a single court with a number of chambers there. <sup>37</sup>

cc) These rules should even prescribe how the courts should prepare and handle patent cases. What is meant here will be explained by way of an example how German courts handle their files.

1. It is one of the particularities of German courts in patent cases that the judges, both the presiding judge and the reporter who will have to write the opinion, have already read the entire briefs and evaluated all the evidence before the hearing.

2. This means that they are able, and even regard it as their obligation, to discuss the case with the parties and give detailed instructions to both parties in the hearing as to how they see the case so far and what additional evidence they require. This means that the attorneys can immediately react and try to resolve misunderstandings during or after the hearing.

3. There is a permanent interference of the court in the fact-finding process, in particular with respect to the appointing of a court expert and the formulation of the questions to such an expert. The expert may be asked to explain prior art and the level of skill on the priority date, the meaning of terms in the patent, and technical differences between the patent and infringing embodiment.

This practice is probably the most important "secret" of the efficiency and speed of German proceedings, since it allows streamlining the procedure and concentration on the few points which, on the one hand, are disputed between the parties and, on the other, are regarded as relevant by the judges. Such or similar rules *must* be included in the rules of the EPJ and cannot be left to the discretion of the judges.

In discussing future court practice, the WPL Paper also discusses some questions thereon. <sup>38</sup> However, they are partly not in conformity with traditional constitutional standards. For example, the choice of the full panel of the competent chamber cannot be made after the action has been received. The chamber that will decide the case must be determined in the abstract so that a judge or even all the judges cannot be chosen after a case has been received by the court.

4. On the other hand, it would be highly unusual to constitute a new chamber, only because the competent chamber or the rapporteur were involved in a preliminary injunction proceeding concerning the same patent and the same parties. At least under the German rules a judge is not regarded as biased because he has already taken part in a preliminary injunction proceeding. Anyway, to choose a new chamber would not be possible if there is only one patent chamber that has local jurisdiction and all the judges have decided *en banc* the preliminary injunction case. The word "preliminary" already indicates that a summary proceeding has taken place, and after a trial the court could indeed have a different view. The Paper possibly confuses this issue with a situation where a judge was involved in the first instance and later becomes an appeal judge, which of course excludes his participation in the second instance.

#### **IV. Alternative or Additional Considerations**

Some countries that have only a few patent cases a year and therefore no special courts might be in favor of a single court, because they do not want to be forced to invest in judges they do not need. It would indeed make no sense if these countries were forced to create specialized courts although they do not have specialized judges.

For those countries, a central chamber - as opposed to the regional chambers - could be established, and this, for example, in the form of a peripatetic court which would have jurisdiction for those countries. One could think of flexible rules with respect to the language of proceedings if not all judges speak the language of the parties in a given case. This central chamber need not necessarily sit in a central place in Europe, but could hold hearings in the respective country concerned in order to accommodate the needs of a defendant who should not be drawn to a distant place.

#### **V. Concluding Observations**

It would not be surprising if the proposals in this Paper do not satisfy the ideas and needs of all parties interested in a future European Litigation System. But the discussion should continue. There would also be no harm if at first only a limited number of countries can agree to join a Protocol for European Patent Litigation. It would nevertheless be the wrong approach to impose a system that has such obvious defects that those who are supposed to use it in the future will instead opt for purely national litigation.

The future discussion should allow the input of all users, and the discussion should only end when it becomes clear that a compromise is not possible. In that event a possibility would still be to allow an option for the one or other form of litigation and let the competition between the systems decide which one is preferred. This was the solution chosen for the European Patent Office with respect to the national offices. Why should it not work for two systems of enforcement?

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<sup>1</sup>2000 GRUR 101, with numerous references to the present discussion.

<sup>2</sup>The following citations refer to the English version of the WPL Paper prepared by the Luxembourg Conference of May 8, 2000; see this issue at 560.

<sup>3</sup>European Patent Institute, the association of professional representatives before the EPO.

<sup>4</sup>The Union of Industrial and Employers' Confederation of Europe.

<sup>5</sup>With the exception as to individual representatives and members of national delegations, *cf.* Schade, 2000 GRUR 101, and a small group of judges who issued a one-time statement with respect to certain questions.

<sup>6</sup>Meetings took place in Sorrento on April 12, 2000, on the occasion of the Executive Committee Meeting of the AIPPI, of representatives from leading European companies and attorneys from Germany, the Netherlands, Sweden, and Switzerland, and again on May 22, 2000, in Amsterdam, on the occasion of the LES Conference where, in addition, France and the UK were represented. This "Sorrento Group" intends to convene again after the Luxembourg Conference in order to prepare a Comment Paper.

<sup>7</sup>Meetings of representatives of the leading specialized patent law firms from Belgium, France, Germany, Italy, The Netherlands, Spain and the UK met in Paris on May 5, 2000, to meet again at the end of July.

<sup>8</sup>A meeting with Mr. Noteboom in Brussels on June 8, 2000.

<sup>9</sup>At a speech on the occasion of the 100th anniversary of the Act Establishing the Profession of Patent Attorneys.

<sup>10</sup>*Cf.* the Report published in 2000 GRUR 221, 222.

<sup>11</sup>See WPL Paper, B.II.6.c, page 17.

<sup>12</sup>See WPL Paper, B.I.3, page 8.

<sup>13</sup>See *supra* note 5, at 103.

<sup>14</sup>See WPL Paper, B.II.1.a, page 10.

<sup>15</sup>UNICE Paper of June 5, 2000.

<sup>16</sup>See B.II.6.b.i, page 17.

<sup>17</sup>*Id.*

<sup>18</sup>*Id.*

<sup>19</sup>No. III of the UNICE Paper.

<sup>20</sup>See B.II.3., page 14.

<sup>21</sup>VII of the UNICE Paper of June 5, 2000.

<sup>22</sup>This number probably exceeds the total number of all existing first instance patent judges in Europe whom one might call experienced. Therefore: who would be willing to leave the existing courts or who should do the national litigation?

<sup>23</sup>See *supra* note 6.

<sup>24</sup>See II.6.c., page 21.

<sup>25</sup>"at the defendant's place," B.II.6.b, page 20.

<sup>26</sup>See B.II.3.a.ii, page 17.

<sup>27</sup>Annex I, 3.a, page 27.

<sup>28</sup>Memorandum 2000-06-05 Doc. WPL/12/00 e.

<sup>29</sup>Summary of the meeting of European attorneys on May 5, 2000, about the European Patent Court System, in Paris.

<sup>30</sup>*Cf.* the same proposal by Brinkhof, No. 1, page 106.

<sup>31</sup>*Cf.* Brinkhof, page 110.

<sup>32</sup>*Cf.* Brinkhof, page 110.

<sup>33</sup>See B.II.3.a.ii, page 10.

<sup>34</sup>See B.II.6.c, page 17.

<sup>35</sup>Whether this is necessary may still be discussed.

<sup>36</sup>*Cf.* also Brinkhof, page 110.

<sup>37</sup>See B.II.6., third item, page 10.

<sup>38</sup>See Annex I, 2.g, page 21 *et seq.*